

**BOARD OF WATER AND SOIL RESOURCES
520 LAFAYETTE ROAD N.
LOWER LEVEL CONFERENCE ROOM
ST. PAUL, MINNESOTA 55155
WEDNESDAY, DECEMBER 12, 2012**

BOARD MEMBERS PRESENT:

Linda Bruemmer, MDH; Bob Burandt, Joe Collins, Jack Ditmore, Quentin Fairbanks, Rebecca Flood, MPCA; Sandy Hooker, Tom Landwehr, DNR; Tom Loveall, Keith Mykleseth, Brian Napstad, Brad Redlin, MDA; Faye Sleeper, MES; Steve Sunderland, Gene Tiedemann, Gerald Van Amburg

BOARD MEMBERS ABSENT:

Paul Langseth
John Meyer
Christy Jo Fogarty

STAFF PRESENT:

Mary Jo Anderson, Travis Germundson, Tim Gillette, Jim Haertel, John Jaschke, Al Kean, Tim Koehler, Les Lemm, Melissa Lewis, Jeff Nielsen, Ken Powell, Ron Shelito, Amber Steele, Sarah Strommen, Dave Weirens, Steve Woods, Brad Wozney

OTHERS PRESENT:

LeAnn Buck and Sheila Vanney, MASWCD
John Linc Stine, MPCA Commissioner
Suzanne Rhees, MPCA/DNR
Tom Peterson, Hennepin Conservation District
Joel Settles and Rosemary Lavin, Hennepin County Environmental Services
Richard Strong, Hennepin CD Supervisor

Chair Napstad called the meeting to order 9:05 a.m.

PLEDGE OF ALLEGIANCE

**** 12-100 ADOPTION OF AGENDA** – Chair Napstad made an adjustment to the agenda: a Second Public Access Forum will be added before the Metro Water Planning Committee Recommendation. Also, MPCA Commissioner Stine’s presentation on Water Governance Study Recommendations will be on the agenda at 10:00 a.m. Moved by Sandy Hooker, seconded by Tom Landwehr, to adopt the agenda as presented. Motion passed on a voice vote.

**** 12-101 MINUTES OF OCTOBER 24, 2012 BOARD MEETING** – Moved by Quentin Fairbanks, seconded by Gerald Van Amburg, to approve the minutes of October 24, 2012 as circulated. Motion passed on a voice vote.

CONFLICT OF INTEREST DECLARATION – Chair Napstad explained there are two items on the agenda today that need the Conflict of Interest Declaration form submitted. The declaration process is being used on the following decisions:

- FY2013 CWF Competitive Grants
- Reallocation of Targeted Drainage Water Management Grant

Chair Napstad read the statement:

“A conflict of interest whether actual, potential, or perceived, occurs when someone in a position of trust has competing professional or personal interests and these competing interests make it difficult to fulfill professional duties impartially. At this time, members are requested to declare conflicts of interest they may have regarding today’s business.”

Chair Napstad asked board members to submit their completed Conflict of Interest Declaration forms to John Jaschke. John explained BWSR’s conflict of interest policy for grant authorizations. The Conflict of Interest Declaration documents will be filed for the grant decision items.

RECOGNITION OF QUENTIN FAIRBANKS – John Jaschke acknowledged Quentin Fairbank’s state service as a state trooper, and as a BWSR board member for nine years. John and Chair Napstad presented Quentin with a Distinguished Service Award plaque for his dedicated service to Minnesota’s water and soil resources. Chair Napstad thanked Quentin for his service and membership on the Board. Quentin stated that he traveled 600 miles a month to attend BWSR board meetings; he will miss BWSR and wished the best to everyone.

INTRODUCTION OF NEW BWSR STAFF

- Amber Steele, wetland specialist in Rochester was introduced by Jeff Nielsen. Chair Napstad, welcomed Amber to BWSR.

REPORTS

Chair’s Report – Brian Napstad stated that it’s a busy time of year! Chair Napstad reported that the EQB approved recommendations for improving environmental review, improving

BWSR Meeting Minutes
December 12, 2012
Page Three

governance and coordination. The MAWD, MASWCD, and AMC annual meetings were well represented by BWSR. Chair Napstad reported that he has been attending the Environmental Congress Citizens Forums, six sessions being held statewide for public input. The sessions have been very popular and well attended.

Administrative Advisory Committee (AAC) – Chair Napstad reported that the AAC met this morning, discussion included BWSR board member appointments process, Committee updates; and staffing plan.

Executive Director's Report – John Jaschke reported that he attended the MAWD, MASWCD, and AMC annual meetings; many excellent training sessions were available for participants. On behalf of BWSR, John presented the Outstanding Watershed District Employee Award to Anna Eleria, Capitol Region WD. The Outstanding SWCD Employee Award recipient is Greg Ostrowski, Todd SWCD.

John stated that BWSR has submitted legislative budget and policy proposals and await the Governor's budget recommendation in January.

John reviewed information in Board Members' packets and provided status of PRAP Assistance Grants.

John asked that Conflict of Interest Declaration forms be submitted.

Dispute Resolution Committee (DRC) – Travis Germundson reported that there are currently 10 appeals pending; he provided a brief status report on the appeals. Travis acknowledged Quentin's membership on the DRC, and appreciated his leadership. Travis stated that the DRC training session will be delayed until the appointment is made of Quentin's vacancy .

Wetlands Committee – Gerald Van Amburg reported that the Wetlands Committee has items on the agenda later today. Gerald commended staff for their work on Executive Order 12-04. Dave Weirens and Les Lemm; and Mark Lindquist, DNR, traveled the state taking stakeholders input on Executive Order 12-04: Supporting and Strengthening Implementation of the State's Wetland Policy.

Grants Program & Policy Committee – Chair Napstad stated that Paul Langseth is on vacation; the Grants Program & Policy Committee have recommendations on the agenda later today.

Chair Napstad introduced Brad Redlin, representing MDA today; Brad has voting rights.

Public Relations, Outreach & Strategic Planning (PROSP) Committee – Keith Mykleseth reported that the PROSP Committee will meet on January 22. Keith stated that Don Buckhout has a draft Annual Legislative Report available to board members, contact Don if interested in receiving a copy of the draft report.

**BWSR Meeting Minutes
December 12, 2012
Page Four**

RIM Reserve Management Planning Committee (RRMPC) – Gene Tiedemann reported that the RRMP Committee met on November 28. The Committee recommendation is on the agenda later today.

Drainage Work Group – Tom Loveall reported that Drainage Work Group met on November 15. Topics of discussion included: adding a provision in the drainage law transferring drainage systems records from a county to a watershed district; and draft statute revisions to enable multi-stage ditch repair.

**COMMITTEE RECOMMENDATIONS
*Southern Water Planning Committee***

Olmsted County Local Water Management Plan Update – Steve Sunderland reported that the Southern Water Planning Committee met on November 1, 2012; reviewed the recommendation of the state review agencies regarding final approval of the Olmsted County Local Water Management Plan Update; the Committee recommends approval. Moved by Steve Sunderland, seconded by
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12-102 Bob Burandt, to approve the Olmsted County Local Water Management Plan Update, in effect until December 31, 2022. Motion passed on a voice vote.

Kandiyohi County Priority Concerns Scoping Document – Steve Sunderland reported that Kandiyohi County, as part of updating their Comprehensive Local Water Management Plan, submitted the Priority Concerns Scoping Document (PCSD) for state agency review and comment. The Southern Water Planning Committee, chaired by Paul Langseth, met with Kandiyohi County on November 1, 2012, to review the content of the PCSD, state agency review comments; and recommends approval. The state's expectations for the final plan must be sent to Kandiyohi
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12-103 County. Moved by Steve Sunderland, seconded by Keith Mykleseth, to approve the Kandiyohi County Priority Concerns Scoping Document. Motion passed on a voice vote.

McLeod County Priority Concerns Scoping Document – Steve Sunderland reported that McLeod County, as part of updating their Comprehensive Local Water Management Plan, submitted the Priority Concerns Scoping Document (PCSD) for state agency review and comment. The Southern Water Planning Committee, chaired by Paul Langseth, met with McLeod County on November 1, 2012, to review the content of the PCSD, state agency review comments on the PCSD; and recommends approval. The state's expectations for the final plan must be sent to
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12-104 McLeod County. Moved by Steve Sunderland, seconded by Tom Loveall, to approve the McLeod County Priority Concerns Scoping Document. Motion passed on a voice vote.

Meeker County Priority Concerns Scoping Document - Steve Sunderland reported that Meeker County, as part of updating their Comprehensive Local Water Management Plan, submitted the Priority Concerns Scoping Document (PCSD) for state agency review and comment. The Southern Water Planning Committee, chaired by Paul Langseth, met with Meeker County on November 1, 2012, to review the content of the PCSD, state agency review comments on the PCSD; and recommends approval. The state's expectations for the final plan must be sent to Meeker County.
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12-105 Moved by Steve Sunderland, seconded by Sandy Hooker, to approve the Meeker County Priority Concerns Scoping Document. Motion passed on a voice vote.

Renville County Priority Concerns Scoping Document – Steve Sunderland reported that Renville County, as part of updating their Comprehensive Local Water Management Plan, submitted the Priority Concerns Scoping Document (PCSD) for state agency review and comment. The Southern Water Planning Committee, chaired by Paul Langseth, met with Renville County on November 1, 2012, to review the content of the PCSD, state agency review comments on the PCSD; and recommends approval. The state’s expectations for the final plan must be sent to Renville County. Moved by Steve Sunderland, seconded by Bob Burandt, to approve the Renville County Priority Concerns Scoping Document. Motion passed on a voice vote.

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12-106

Kandiyohi County Comprehensive Local Water Management Plan Extension Request – Steve Sunderland reported that the Kandiyohi County Comprehensive Local Water Management Plan will expire December 31, 2012. On October 5, 2012, BWSR received a request for an extension of the Plan from Kandiyohi County. On November 1, 2012, the Southern Water Planning Committee, chaired by Paul Langseth, met with Kandiyohi County to discuss the extension request. The Committee recommends approval of the extension. The state’s expectations for the extension request must be sent to Kandiyohi County. Moved by Steve Sunderland, seconded by Joe Collins, to approve the Kandiyohi County Comprehensive Local Water Management Plan Extension until May 30, 2013. Motion passed on a voice vote.

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12-107

McLeod County Comprehensive Local Water Management Plan Extension Request – Steve Sunderland reported that the McLeod County Comprehensive Local Water Management Plan will expire December 31, 2012. On September 24, 2012, BWSR received a request for an extension of the Plan from McLeod County. On November 1, 2012, the Southern Water Planning Committee, chaired by Paul Langseth, met with McLeod County to discuss the extension request, and recommends approval. The state’s expectations for the extension request must be sent to McLeod County. Moved by Steve Sunderland, seconded by Sandy Hooker, to approve the McLeod County Extension until May 30, 2013. Motion passed on a voice vote.

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12-108

Meeker County Comprehensive Local Water Management Plan Extension Request – Steve Sunderland reported that the Meeker County Comprehensive Local Water Management Plan will expire December 31, 2012. On October 9, 2012, the BWSR received a request for an extension of the Plan from Meeker County. On November 1, 2012, the Southern Water Planning Committee, chaired by Paul Langseth, met with Meeker County to discuss the extension request, and recommends approval. The state’s expectations for the extension request must be sent to Meeker County. Moved by Steve Sunderland, seconded by Tom Loveall, to approve the Meeker County Comprehensive Local Water Management Plan Extension until May 30, 2013. Motion passed on a voice vote.

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12-109

Renville County Comprehensive Local Water Management Plan Extension Request – Steve Sunderland reported that the Renville County Comprehensive Local Water Management Plan will expire December 31, 2012. On October 11, 2012, the BWSR received a request for an extension of the Plan from Renville County. On November 1, 2012, the Southern Water Planning Committee, chaired by Paul Langseth, met with Renville County to discuss the extension request, and recommends approval. The state’s expectations for the extension request must be sent to

**BWSR Meeting Minutes
December 12, 2012
Page Six**

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12-110 Renville County. Moved by Steve Sunderland, seconded by Keith Mykleseth, to approve the Renville County Comprehensive Local Water Management Plan Extension until May 30, 2013. Motion passed on a voice vote.

NEW BUSINESS

Water Governance Study Recommendations – John Linc Stine, MPCA Commissioner, introduced Suzanne Rhees, MPCA/DNR. Commissioner Stine presented the draft “Water Governance Evaluation, *recommendations to streamline, strengthen, and improve sustainable water management*”. Commissioner Stine thanked the University of Minnesota for their assistance with the Water Governance Study. The statutory requirement for this report is found in Minnesota Session Laws, 1st Special Session, Chapter 2, Article 4, Section 33, which reads: EVALUATION REQUIRED (a) The Pollution Control Agency, in conjunction with other water agencies and the University of Minnesota, shall evaluate water-related statutes, rules, and governing structures to streamline, strengthen, and improve sustainable water management. (b) The Pollution Control Agency must submit the study results and make recommendations to agencies listed under paragraph (a) and to the chairs and ranking minority party members of the senate and house of representatives committees having primary jurisdiction over environment and natural resources policy and finance no later than January 15, 2013. Discussion followed. Commissioner Stine stated that this is a long-term work plan; this report is compatible to the Governor’s Executive Order 12-04, regarding wetlands, which he appreciates BWSR’s staff effort toward. Joe Collins commended the land-use and water management efforts. Chair Napstad asked how to get to watershed incentives utilizing a leadership role by the state in this effort. John Jaschke stated that BWSR will establish a framework and work with agencies to make this happen. Chair Napstad thanked Commissioner Stine for his presentation.

Chair Napstad called for a break in the meeting at 10:46 am. The meeting reconvened at 11:05 a.m.

Faye Sleeper left the meeting at 11:00 a.m.

SECOND PUBLIC ACCESS FORUM (10-minute agenda time, two-minute limit/person)

- Richard Strong, Hennepin Conservation District (HCD) Supervisor, commented on the uniqueness of the Hennepin Conservation District. Mr. Strong stated that HCD can look at other funding sources; HCD no longer has a district management deficit; looking for civic engagement; propose 18-month probationary period; delivery services of HCD will not be curtailed due to HCD no longer contracting with the Hennepin County Environmental Services; reformed the district so WCA is being delivered. Metro Conservation District supports HCD. Citizens of HCD have a right to have an elected Board. HCD is a coordinating board at the local level. HCD would like to have input. Chair Napstad thanked Mr. Strong for his comments.

- Rosemary Lavin, Hennepin County Environmental Services. Since 2003, Hennepin County Environmental Services has been providing services for the HCD. Hennepin County would like a different way to deliver services. HCD does not have the means to sustain its future, but Hennepin County does with their track record. Hennepin County

BWSR Meeting Minutes
December 12, 2012
Page Seven

can deliver conservation services more efficiently without the HCD Board. Chair Napstad thanked her for her comments.

Metro Water Planning Committee

Delivery of Conservation Services in Hennepin County – Jim Haertel reported that the Metro Water Planning Committee met on November 16 to consider this matter. Jims message to the Board follows.

The item is before you today because of the findings contained in the November 13th report included in your materials and because Hennepin County will be proposing legislation that would directly dissolve the Hennepin Conservation District through legislative action. This will be the third consecutive year that Hennepin County will be proposing the legislation. I have been informed by the Chair of the Hennepin County Board that they plan to aggressively pursue the legislation this next session.

BWSR staff and County staff have outlined draft compromise legislative language that would allow Hennepin County to file a dissolution petition with BWSR and would have BWSR make a decision on the petition without a referendum. Under the compromise language, Chapter 103C, the section of statute pertaining to SWCDs, would not change. The legislation would be limited to Hennepin County and accomplished via a change to a section of statute dedicated solely to Hennepin County. The County would be responsible for carrying out the duties of a SWCD and there would be options for BWSR to take action to assure the duties are carried out, even re-establishing the SWCD if necessary. The compromise language would have the administrative process go through BWSR to dissolve the District and/or transfer the District's duties to the County, which is consistent with Chapter 103C.

In your board packet is the staff report covering the delivery of conservation services in Hennepin County over the past ten years by the Hennepin Conservation District and the Hennepin County Department of Environmental Services. Attachment A of the report is the draft compromise language that staff have worked on. Also in your board packet are two draft resolutions. Version 1 is basically what was before the Metro Water Planning Committee. Version 1 mainly relies on the contents of the staff report. Version 1a has been modified based on the Committee meeting and Committee member comments. Version 1a adds some important basis to the WHEREAS findings and allows the resolution to stand apart from the report with a more complete understanding of the important limits and unique circumstances. Version 1a also adds the "transfer of duties" option to the "discontinuance" option. Please note in Version 1a there is one minor edit: in the last WHEREAS, first line, the word "Committee" should be added after "Metropolitan Water Planning" to read "Metropolitan Water Planning Committee".

A Resolution from the Board is necessary to give the County an expectation of the direction of the Board if the legislation were enacted.

At the Metro Committee meeting, representatives of the Hennepin Conservation District, Hennepin County and the MN Association of Soil and Water Conservation Districts spoke and

**BWSR Meeting Minutes
December 12, 2012
Page Eight**

responded to questions from Committee members. The Committee discussed the matter at length, did not make a decision on the draft Resolution, Version 1 and unanimously recommended the matter come before the full Board. Staff recommend Version 1a be adopted.

John Jaschke reported that he attended the MASWCD Board of Directors meeting on December 2, and addressed the issue, no decision or recommendation was made, he provided MASWCD with information.

John stated that the Resolution – Version 1a, directs BWSR staff to work with the County on legislation to meet the intent of the statute and when/if legislation is in place – there would be a two-step process; the resolution is intended to shape the process for BWSR to move forward. Chapter 383B specific to Hennepin County, is the section of statute to move this forward.

John stated that if the resolution is not passed, no change would be pursued by staff, the county would pursue legislation; BWSR would be reactive rather than proactive. Petition by citizens to dissolve HCD are not practical or desired.

Steve Sunderland asked if the County Board and HCD met to discuss this face-to-face? BWSR staff have done a lot. Steve stated that steps are in place in statute to dissolve an SWCD, he finds it hard to support new legislation when statute is in place and staff have findings in place.

John stated that proposed Version 1a would address this, after ten years of findings, this is what we have, the results are what we are looking at. Joe Collins made a point of clarification, the Metro Committee wanted the full BWSR Board's viewpoint. It's important to hear the out-state impact, without a recommendation made by the Metro Committee. John Jaschke stated the uniqueness of the HCD is addressed as the draft legislation is not applicable to anywhere else in the State other than Hennepin County.

Keith Mykleseth stated that this didn't happen overnight, it's been ten years. BWSR is taking steps – he supports the 1a resolution.

Bob Burandt doesn't think that HCD should be treated any different than others. Jack Ditmore stated that Hennepin County will force the two bodies to address this directly; there is some form of precedent. BWSR will need to provide the feasibility and achieve outcomes asked for in statute when this comes back to BWSR in the second step of the process.

Jim Haertel stated that the Version 2 of the Resolution referred to in the Board Action form has been replaced by Version 1a - allows for dissolution of HCD and for the transfer of duties.

** Moved by Jack Ditmore, seconded by Tom Landwehr, to approve the Resolution, Version 1a.

Steve Sunderland asked the question of setting precedent for legislation. John Jaschke stated that this is only for Hennepin County.

** Moved by Steve Sunderland, seconded by Keith Mykleseth, to amend Resolution, Version 1a, in the sixth WHEREAS, insert BWSR Board staff and Hennepin County staff – the WHEREAS

**BWSR Meeting Minutes
December 12, 2012
Page Nine**

would read: "WHEREAS, BWSR Board staff and Hennepin County staff have outlined draft compromise legislative language that would allow Hennepin County to file a dissolution petition with the Board and would have the Board make a decision on the petition without a referendum; and,"

12-111 It was noted that the seventh WHEREAS, the word Committee was added to the Metropolitan Water Planning Committee. The amendment to the Motion passed as amended.

Tom Loveall stated that BWSR can take care of this issue and he supports the Resolution, Version 1a.

Sandy Hooker stated that a referendum has been done by citizens, she does not support 1a.

Joe Collins stated that locally, citizens would call the county if they had a question.

Gerald Van Amburg stated that the average citizen doesn't know the details, this HCD issue has been happening for a long time and the county has been taking care of things. He supports Version 1a.

Jack Ditmore clarified that the referendum was in 2002.

12-112 Chair Napstad called for the vote. Motion passed on a voice vote.

John Jaschke stated that SWCDs are alive and well statewide. We have SWCDs doing a lot of great work.

John Jaschke stated that the Conflict of Interest Declaration forms have been submitted; Tom Loveall stated he will abstain from voting on both grant items.

Grants Program and Policy Committee

FY2013 CWF Competitive Grants Program Funding Recommendation – Dave Weirens distributed the Grants Program & Policy Committee's recommendations for the FY2013 Clean Water Fund Competitive Grants. Dave provided a brief overview of each of the grants. Dave reported that the Board authorized staff to proceed with a Request for Proposals for the FY2013 Clean Water Fund Competitive Grants on June 27, 2012. Applications were accepted from August 1, 2012 through September 14, 2012. Total applications received were 286 requesting nearly \$68 million across six grant programs. These applications were reviewed by BWSR staff and all were scored either by or with the input of staff from our partner State agencies.

The Grants Program & Policy Committee recommends approval of the following Grant Program and allocated funds:

Clean Water Assistance Grants	\$10,500,000
Livestock Waste Management Grants	\$ 2,000,000
SSTS Abatement Grants	\$ 1,500,000
Accelerated Implementation Grants	\$ 2,000,000
Conservation Drainage Grants	\$ 942,362

BWSR Meeting Minutes
December 12, 2012
Page Ten

Community Partners Conservation Programs Grants	\$ 1,400,000
MDA Ag BMP Loans	<u>\$ 4,500,000</u>

Steve Sunderland stated that he has received questions due to the rankings, asking how to write a better grant. Dave stated that many good applications were received without enough funding for all the good projects. Dave clarified that the loan funds need to be repaid; in many cases, that is the match. Tom Landwehr stated that he would like to see the Ag BMP funds used, not sitting in a pot unused. Tom would like John Jaschke, MDA Commissioner Dave Frederickson, and MPCA to meet to discuss the funding issue. Rebecca Flood will bring this up at the next meeting of CWF Coordination Team.

- ** Moved by Gerald Van Amburg, seconded by Quentin Fairbanks, to approve the allocations to implement the FY2013 CWF Competitive Grant Program, scoring results and funding recommendations by the Grants Program & Policy Committee. An agreed to amendment on page five, C., adding 'partially fund'. The sentence would read, "C. assign funds, noted in (1) that may become available, to partially funded then unfunded projects, in rank order, ..."
- 12-113 Motion passed on a voice vote. Chair thanked Dave and staff, and the Grants Program and Policy Committee for all the work on this effort.

Chair Napstad called for a lunch break at 12:20 PM. The meeting reconvened at 1:00 PM.

- Reallocation of a Targeted Drainage Water Management Grant** – Tim Gillette reported that the Board authorized seven Targeted Drainage Water Management Grants on June 27, 2012. Since that time the Bois de Sioux Watershed District has declined the grant. However, the two SWCDs in the area have agreed to accept the grant. The Grants Program & Policy Committee recommends reallocation of funds to Wilkin and Traverse SWCDs. Moved by Jack Ditmore,
- ** 12-114 seconded by Steve Sunderland, to approve amending the list of BWSR Targeted Drainage Water Management Grant recipients to remove the Bois de Sioux WD and include the Wilkin and Traverse SWCDs as indicated. Motion passed on a voice vote.

Wetlands Committee

Executive Order 12-04: Supporting and Strengthening Implementation of the State's Wetland Policy – Dave Weirens provided an overview of the Governor Dayton issued Executive Order 12-04 on May 3, 2012. This Order directed BWSR, in cooperation with our partner State agencies and invited stakeholders, to evaluate a series of wetland policies. Staff implemented a process to receive input from stakeholders on the issues included in the Order, as well as other issues that were identified by stakeholders. BWSR staff, in consultation with our partner State agencies developed recommendations based on stakeholder derived input as requested by the Governor. The Wetland Committee reviewed the draft report on November 28 and again on December 11. Dave appreciated the assistance of Mark Lindquist at DNR to help with the process. This report must be delivered to the Governor by December 15, 2012.

Dave explained that the implementation of these recommendations will require a combination of interagency agreements between state and federal agencies, statutory, rule, policy, and guidance changes. This effort requires significant staff time by participating agencies. A first

**BWSR Meeting Minutes
December 12, 2012
Page Eleven**

step in the process to implement is to generate priorities based on the recommendation. Prioritization will be developed in consultation with the Governor's Office and agency leaders. John Jaschke stated that this is the Governor's Executive Order; BWSR controls a portion of this, but there is the need to persuade other partners when going forward, specifically with federal agencies.

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12-115 Moved by Gerald Van Amburg, seconded by Quentin Fairbanks, to accept the draft report and authorize staff to forward it to Governor Dayton; and BWSR will work with partner agencies to prioritize the Report's recommendations and authorizes staff to pursue implementation strategies for the prioritized recommendations. Motion passed on a voice vote. Chair Napstad commended Dave, Les Lemm, and others for their good work on this. Chair Napstad thanked Gerry Van Amburg for his great leadership on the Wetland Committee.

Wetland Banking Fee Policy Update – Dave Weirens reported that BWSR collects fees for the management of the wetland banking program. Some of the fees are based on the value of the wetland credits that have been deposited into the Bank. The Board annually updates the calculated wetland values that account holders may use to pay the required fees. Dave reviewed the proposed 2013 Calculated Values for Wetland Bank Fee Determination. The Wetland Committee and staff recommend that BWSR update the wetland credit values by using:

- the 2012 tillable land values, or
- rural/vacant land values when the ratio of tillable acres to rural/vacant acres is less than 20%, or
- the average of the before and after deferral green acres values.

These values are multiplied by the wetland credit value coefficient of 6.0, with a maximum increase of 75% over the values established in Board action 11-98 as indicated on the fee schedule. Moved by Keith Mykleseth, seconded by Steve Sunderland, to approve the wetland banking fee policy update; the revised policy is effective on January 1, 2013 and applies to wetland bank credit sales made after this date. Motion passed on a voice vote.

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12-116

2013 Local Road Wetland Replacement Program Project Selection Process — Ken Powell reported that the Wetlands Committee recommends directing BWSR staff to develop a project selection process for utilizing \$6M in bonding money to generate wetland credits for the Local Road Wetland Replacement Program (LRWRP). BWSR is responsible for generating wetland replacement credits for use by local public transportation authorities to satisfy wetland replacement requirements of the Wetland Conservation Act (WCA) and Section 404 of the Clean Water Act. To generate wetland replacement credits, BWSR restores wetlands on private lands by obtaining easements and implementing projects as well by agreeing to purchase credits from projects conducted by private landowners through agreements with the state.

Ken reported that the Wetlands Committee recommends authorizing BWSR staff to:

1. Develop and implement an easement sign-up program and a request for proposal (RFP) process to obtain projects to generate needed wetland credits.

**BWSR Meeting Minutes
December 12, 2012
Page Twelve**

2. Establish an easement payment rate consistent with current Reinvest in Minnesota (RIM) rates with the flexibility to increase it by up to 25% on a case-by-case basis if it is justified based on the program's credit needs and criteria.
3. Establish project evaluation criteria including cost, credit yield, location, restoration feasibility, success potential, and functional benefit, and public value.
4. Establish a view team of BWSR staff and members of the wetland banking Interagency Review Team to evaluate and rank projects.

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12-117 Keith Mykleseth recommends partnership conservation efforts. Ken stated that opportunities are there for credits. Moved by Gerald Van Amburg, seconded by Sandy Hooker, to approve the Wetlands Committee recommendation authorizing staff to develop a project selection process to utilize the bonding money to meet the program purpose. Motion passed on a voice vote.

NEW BUSINESS

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12-118 **Clean Water Fund RIM Reserve Edge Area Eligibility and Sign-Up Procedures** – Gene Tiedemann reported that the RIM Reserve Management Planning (RRMP) Committee met on November 28, 2012, and recommends authorization of staff to work with Goodhue, Olmsted, Wabasha, and Winona SWCDs to implement the acquisition of RIM Reserve Wellhead Protection and Edge Area easements in the targeted areas with highest priority being on Decorah Bedrock Edge Areas. Moved by Gene Tiedemann, seconded by Rebecca Flood, to approve the RRMP Committee's recommendation authorizing staff to implement the additional \$1M for the RIM Reserve Wellhead Protection Conservation Easement Program. Motion passed on a voice vote.

AGENCY REPORTS

Minnesota Department of Agriculture (MDA) – Brad Redlin reported that he is the new program manager for the Minnesota Ag Water Quality Certification Program (MAWQCP). Brad thanked John Jaschke and BWSR staff; DNR Commissioner Tom Landwehr; and Rebecca Flood, MPCA; for the tremendous value they add to the MAWQCP partnership effort. Chair Napstad thanked Brad for attending the Board meeting today.

Minnesota Department of Natural Resources (DNR) – Tom Landwehr distributed copies of the "Minnesota Environment and Energy Report Card" developed by the EQB, for board members' information. Tom briefly commented on water quality and groundwater issues in Worthington. DNR is currently involved in a lawsuit regarding White Bear Lake. Tom expressed the need for and importance of groundwater governance. Tom suggested DNR staff present information on this at an upcoming Board meeting.

Tom reported that he and John Jaschke attended the Cattleman's Association meeting; discussions included grassland conservation acres, a good opportunity for private grazing and a valuable public relations tool for local communities. DNR is trying to move forward in support of the grass fed beef industry; and the need for monitoring groundwater. Chair Napstad thanked Tom for his comments.

**BWSR Meeting Minutes
December 12, 2012
Page Thirteen**

Minnesota Pollution Control Agency (MPCA) – Rebecca Flood reported that she and Matt Wohlman, MDA, are on a panel discussion tomorrow at the Humphrey Institute speaking about water quality threats to the Red River. Rebecca reported that MPCA is working on MS4 permitting; construction stormwater permit will be out for public comment soon, then before the MPCA Board in the spring, and in place by August. Chair Napstad thanked Rebecca for her comments.

ADVISORY COMMENTS

Minnesota Association of Soil & Water Conservation Districts (MASWCD) – LeAnn Buck briefly commented on the One Watershed One Plan (1w1p) role of state/local government; the Local Government Roundtable continues to meet and the need to move forward on finalizing a whitepaper. LeAnn thanked agencies for their attendance at the MASWCD annual meeting. LeAnn announced that Mark Zabel is the newly elected President of MASWCD. LeAnn stated that MASWCD appreciates BWSR's efforts on the HCD issue.

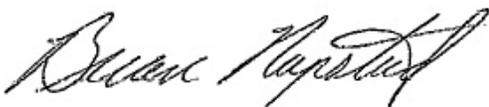
Minnesota Association of Townships (MAT) – Sandy Hooker reported that the MAT annual conference held in October was successful; and MAT appreciated BWSR's attendance.

UPCOMING MEETINGS

- Northern Water Planning Committee Meeting, January 9, 2013; Wadena
- Public Relations, Outreach & Strategic Planning Committee Meeting, January 22
- Next BWSR Board Meeting, January 23, 2013

** Moved by Quentin Fairbanks, seconded by Sandy Hooker, to adjourn the meeting at 2:10 pm.
12-119 Motion passed on a voice vote.

Respectfully submitted,



Brian Napstad
Chair